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Examining Responsible Leadership Through the Lens of Corporate Social Responsibility

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Abstract

With a new wave of Environment-Social-Governance (ESG) focused investing, many companies and investors focus on trying to do better for society and the environment. Thus, it is important to understand the factors that influence the success of socially responsible companies. In particular, understanding what type of leadership can help make companies more likely to engage in corporate social responsibility (CSR) or social impact initiatives is vital to the future of business. B Corporations, which are companies that focus on combing profit with environmental and social goals, and corporate social responsibility are examples of impact focused organizations. This thesis presents a narrative review of scholarly literature on the topic of socially responsible leaders and leadership. The paper does this by using CSR and B Corporations as unique lens through which to study leadership. After summarizing relevant literature on socially responsible leadership in these fields, the thesis discusses three case studies. The case studies summarize three successful B Corporations and what leadership looks in the real world. In conclusion, this paper aims to connect the theoretical foundations of socially conscious leadership to practical applications of what leadership looks like in real life.

Keywords: CSR, B Corporations, Emergent Leadership, Shared Leadership, Transformational Leadership, Trait Theory

Examining Responsible Leadership Through the Lens of Corporate Social Responsibility

Chapter I: Introduction and Background

Imagine sitting at work when you realize the tide is coming in with prime surfing waves. Your company is completely fine with you leaving early to go enjoy the surf, so you grab your bag and hit the waves. Patagonia, founded by Yvon Chouinard, makes this image a reality for their employees. They encourage people to get up from their desks in the middle of the day to enjoy the waves and relax. Patagonia has crafted a unique company culture that cares about the wellbeing of their employees, and they do so while being an extremely successful clothing company. In addition, Patagonia gives back to communities and the environment by putting emphasis on the triple bottom line of profits, people, and the planet.

Patagonia is one of the companies that is joining the green revolution, as companies across the world are trying to do better for the environment while also focusing on general social impact. Recently, ESG (environmental, social, and governance) investing has been at the forefront of investors' minds (Sedoric & Snyder, 2021). Investors are choosing to invest their money in companies that are prioritizing social and environmental impact instead of companies that have a history of negative scandals or environmental degradation. As the climate crisis continues and with the public focused on social justice after the Covid-19 pandemic, there is more pressure than ever on businesses and investors to start acknowledging where their money is going. With the wave of ESG investing, investors are starting to invest in businesses that are doing good for the planet and for people. This is forcing companies to align their business mission and values to be successful (Sedoric & Snyder, 2021).

For these reasons, it is important to understand how companies can align their values to benefit society and how today's leaders are leading the way in socially conscious business. As social issues continue to challenge the world, it is vital to understand what sort of leadership is required to innovate the nature of business today. Leaders have a huge impact on the culture, success, and values in a business, and it often lies on senior management's shoulders to prioritize social and environmental issues. This raises questions about what qualities in leaders are associated with making a positive impact. This thesis reviews relevant literature on the elements of leaders and leadership that make a company more likely to engage in socially responsible initiatives. Examples of these types of socially focused initiatives are evident in B Corporations and corporate social responsibility. A B Corporation is a company that is dedicated to combining profits and purpose by committing to high social and environmental standards (*About B Corps,* n.d.). Corporate social responsibility (CSR) and B Corporations provide a lens through which to study these ESG and green efforts that are changing the market. Therefore, the aim of this paper is to understand the key qualities that socially responsible leaders express specifically through the lens of CSR and B Corporations.

Many non-profit organizations have been trying to better society for some time, but now, corporations are being valued and assessed by investors based on their ability to contribute to humanity. There has been an increase in for-profit companies putting an emphasis on improving the lives of their employees, decreasing their carbon footprint, and helping a diverse set of stakeholders. For example, many companies are engaging in various activities collectively termed corporate social responsibility to align their corporate dealings with the goals of investors.

CSR occurs when companies go out of their way to act socially responsible and acknowledge their impact on their stakeholders, the environment, and the public (Fernando, 2021). CSR can take different forms in a company depending on its goals. It can be philanthropic initiatives that a company takes on, volunteering days, or other business efforts (Fernando). In general, CSR is important because companies have been criticized for their negative impact on society, and they can use CSR to offset their impact and improve their brand image. For example, Starbucks is committed to reaching certain CSR goals. These priorities include reaching 100% ethically sourced coffee beans, volunteering millions of hours of community service, and creating college opportunities for their employees (Fernando). In Starbucks' case, along with many other companies, the main goal of CSR is to balance the company's environmental and social impacts with business purpose and values (Rangan et al., 2015). Though CSR initiatives can have a positive impact, CSR has been criticized as a cover for the unethical behavior that companies try to hide. Companies may use CSR to offset their negative impact (such as companies that are major polluters, but contribute philanthropically to nonprofits), the underlying purpose behind CSR is to benefit society. Therefore, since consumers have been pressuring the market to align to socially responsible goals and holding companies accountable for their actions, it can have a positive impact overall. It is much better for a large corporation to offset their negative impacts by donating money towards grassroots organizations or committing to a minimum of volunteer hours than doing nothing. However, ideally, organizations would minimize their negative impact and eliminate their unethical behavior from the source.

B Corporations are trying to do just that. In connection with a new focus on doing better for the environment while supporting disadvantaged communities, the B Corporation movement

emerged. This movement was started when three friends left the corporate world to make sure

that mission driven companies could have a way to make a positive impact on the environment,

communities, and society (*About B Corps,* n.d.).

B Corporations have the goal of obtaining the triple bottom line where profits, people,

and the planet all matter to a company. Therefore, the social and environmental impact of the

business matters in addition to its profits. B Corporations consider their impact on all

stakeholders involved in their business, not just the shareholders. Therefore, they care about how

they treat their employees, where their supply chain comes from, how sustainable their products

are, and much more. Since 2007, over 3,500 B Corporations have been certified in over 70

countries (*About B Corps,* n.d.). Most B Corporations are private companies, but a select few

have chosen to go public. Certified B Corporations range from well-known companies like

Patagonia to small businesses to dairy cooperatives. No matter what the size, industry, or

function of an organization, the company can become a B Corporation if they want to change

their way of doing business.

The B Corporation certification process can be long and tedious. Therefore, those

companies that are truly invested in doing good for their customers, communities, and the planet

tend to go through the process. B Lab, an independent nonprofit organization

(https://bcorporation.net/about-b-lab), oversees certifying companies that apply. To start the

process, a company must complete the B Impact Assessment. This assessment does not verify a

product or service. It assesses the overall impact of a company on its employees, the

environment, its customers, and communities (*About B Corps,* n.d.). This report is completely

transparent and is posted on the B Lab website. A company must obtain a minimum score in

various categories to become a certified B Corporation. In addition, they must amend their

bylaws and corporate governance to ensure that their board of directors focuses on both profit and purpose (*About B Corps*). The assessment is broken down into five categories which are governance, employees, communities, customers, and the environment. All the categories are scored, with the maximum number of total points being 200. There are over 50 different variations of the assessment based on a company's size, industry, and geography, so B Lab weighs certain sections or questions differently depending on the unique characteristics of a company. A B Corporation needs to score at least 80 points total to be certified. This demonstrates that B Lab wants organizations to focus on their impact in multiple categories, not just in one sector. With each section being worth roughly 40 points, companies must score points in multiple sections to reach 80 points, emphasizing the importance of companies focusing on multiple areas of impact (https://bimpactassessment.net/how-it-works/frequently-asked-questions/the-b-impact-score). The median score for ordinary businesses is typically 50, way below the certification standard. Therefore, a holistic company picture is important to achieve certification. The highest scores achieved each year are usually between 160-170 points. In addition, companies must pay to take the assessment indicating that companies that truly want to engage in stakeholder capitalism will be willing to pay.

Corporate social responsibility and B Corporations have a lot in common. Their goal is to change the nature of doing business and balance profits, people, and purpose overall. Therefore, in this thesis I include both CSR and B Corporations as a lens through which to study responsible leadership because I believe the goals of these socially conscious leaders appear to be similar. Though they may do it differently, their objective is to reach sustainability and social goals. In fact, in a study by Kim et al. (2016) that measured corporate social responsibility and sustainability, they found that more CSR efforts in each industry was positively related to the

number of new B Corporations emerging in that industry. This could mean that companies that are using CSR to truly benefit society may be more likely to apply for B Corporation certification or behave in a way consistent with B Lab standards.

Therefore, there is a question about why a company should or would want to become a certified B Corporation. Leaders in B Corporations are often a driving force behind achieving B Corporation status (Kim et al., 2016). In fact, founders have one of the largest impacts in a company becoming sustainable or socially responsible (Villela et al., 2021). A leader is responsible for helping an organization to determine their values and culture. Leader's identity and their culture also impact the way they choose to lead (Ayman & Korabik, 2010).

Diversity, equity, and inclusion (DEI) is another important topic that has emerged for socially responsible leaders. In fact, B Corporations require that companies consider DEI as well as other impacts on their employees' well-being. Studies have shown that leadership buy-in and commitment to diversity training and programs have a large impact on the success of the initiative (Bezrukova et al., 2012). In addition, leaders have a large impact on the vision and purpose of a company. Therefore, leaders may be the guiding force behind most of these socially conscious initiatives. To know more about the wave of ESG standards in the business world, it is important to study the types of leadership that make socially conscious companies successful. Therefore, this thesis addresses the theoretical and practical views of leadership to understand more about socially conscious leaders.

The next chapter outlines the foundational leadership theories that explain a leader's role in a socially responsible enterprise. The foundational leadership theories explain different traits and leadership styles that socially conscious leaders may espouse. Chapter II also looks at relevant literature for CSR and B Corporation leaders. The literature review summarizes the

theoretical beliefs behind what makes a leader likely to engage in socially responsible activity.

Then, chapter III looks at three case studies to discuss the practical nature of how leaders behave

in real organizations. The case studies examine three B Corporations who have been very

successful at achieving their environmental and social goals. For these case studies, I interviewed

employees who work at B Corporations and asked them what elements of leadership are

important to their firms. Their responses highlight leadership theories that are active in the

workplace. The conclusion chapter summarizes what socially responsible leadership looks like in

CSR and B Corporations.

Chapter II: Literature Review

In order to better understand the theory and literature behind leadership in CSR and B Corporations, I conducted a narrative literature review. To begin, I searched various databases such as PsycNet, JSTOR, and Google Scholar for elements of leadership in CSR and B Corporations. I used keywords such as leadership, leaders, CSR, B Corporations, and socially responsible leadership. After obtaining over forty articles, I eliminated the ones that did not clearly mention leaders or leadership in their text. After I had about thirty articles, I read all of them and identified common themes among the literature. The most common themes throughout the CSR and B Corporation literature were trait theory, shared leadership, gender and leadership, and transformational leadership. After identifying these common themes, I used these keywords to search for most prominent leadership theories that have been developed over the years that related to my themes.

Leadership theory has been studied for decades. Many original leadership theories take a leader centric approach and focus on the traits, capabilities, and qualities of the leader. Other theories discuss the leader-follower relationship or investigate the dynamic of an entire group. Some of the early research on leadership focused on the "Great Man" *[sic]* theory that suggests that influential individuals are born with the characteristics and temperament to be successful leaders (Day, 2012). This theory proposes that leaders are born, not made, and they will often fulfill their genetically predisposed destiny of being a successful leader. This early research implied that there were characteristics, cognitions, behaviors, and traits that should be studied to understand leadership (Day). Leader traits are defined as "relatively stable and coherent integrations of personal characteristics that foster a consistent pattern of leadership performance across a variety of group and organizational situations" (Zaccaro et al., 2004, as cited in Day, p.

7). Traits include physical factors such as height, weight, voice, and age, and ability factors such as intelligence, speech, and knowledge (Bryman, 2013). Finally, personality factors are also included which are often described by the big five: extraversion, agreeableness, openness to experience, neuroticism, and conscientiousness. Some researchers have provided pessimistic views of trait theory (Stogdill, 1948; Mann, 1959), but a meta-analysis by Judge et al. (2002) found that the five-factor-model of personality is an important framework through which to access leaders. In this meta-analysis, the researchers found that extraversion was the strongest correlate with leadership regarding leader effectiveness and emergence. Meanwhile, agreeableness was not related to leadership. Therefore, this research showed strong support for leader trait perspectives when using the five-factor model.

Contingency theories are situational and argue that leaders must change and adapt based on the dynamics of their environment (Bryman, 2013). The goal of this approach is to match leadership styles to a specific situation (Day, 2012). These theories are often leader focused, but they can also consider the nature of the followers and the leader-subordinate relationship, as well as environmental factors. Environmental contingencies can include task structure, stress of interpersonal relationships, position of power (Day), and the sex of the leader. Contingency or situational theories explain that there is no one best or correct way for leaders to lead in every situation. This puts emphasis on the leader learning to adapt and apply different tactics depending on the nature of the group or subordinate. Situational Leadership Theory suggests that leaders should adjust their leadership style depending on the follower maturity (Hersey & Blanchard, 1996a, as cited in Day, p. 13). A leader should decide between task-oriented leadership, with a focus on guiding followers to achieve results, and relationship-oriented leadership, which focuses the motivation and well-being of team members. However, leaders are

likely to have a style or behavior that they feel most comfortable with. Beyond this, Yukl (1989) introduced three styles of leadership: democratic, autocratic, and laissez faire. Democratic leaders show enthusiasm and high energy, while autocratic leaders often focus on the quality of the output. Lastly, hands-off leadership is only applied when the followers are already experienced and highly skilled, meaning that the leader has limited oversight (Yukl). Contingency and situational theories give leaders agency and focus on their ability to apply different styles and skills at different times.

Process leadership theory includes servant leadership, learning organizations, principal centered leadership and charismatic leadership. These theories often suggest that leaders should focus on social responsibility and improve the well-being of their followers and the organization. Servant leaders in particular try to align employees' sense of purpose with the mission and vision of the company as a whole (Tarallo, 2018).

Finally, transformational and transactional leadership theories took leadership theories a step forward and moved away from the common leader-centric view. These theories focus on the unique follower and leader relationship. Transactional leadership is described by Bass and Avolio (1994) "as a type of contingent-reward leadership that had active and positive exchange between leaders and followers whereby followers were rewarded or recognized for accomplishing agreed upon objectives" (as cited in Khan et al., 2016, p. 3). Whereas transformational leadership is based on the follower and the leader improving and growing together. Transformational leadership is described as "attempts to induce followers to reorder their needs by transcending self-interests and strive for higher order needs" (Bass & Avolio, 1994, as cited in Khan et al., p. 3). In transformational leadership, the leader and follower are invested in mutual success and higher morality. In addition, both the leader and the followers

will put aside their own interests to benefit the group. Leader-Member Exchange (LMX) is a theoretical approach that examines the relationship between a follower and a leader (Day, 2012). This theory posits that leaders develop unique relationships and quality exchanges with individual followers, so there is not an average or most common leadership style.

More recently, shared leadership has been studied as well. Shared leadership is when the power or leadership responsibility is shared among multiple individuals. In general, organizations often describe leadership in a company as vertical or horizontal. Vertical leadership is often the traditional approach with top-down direction (de Andres, 2017) whereas horizontal leadership spreads power horizontally across the organization meaning that power resides in more places than just the top management. Vertical leadership often suggests there is a clear hierarchy in the organization. Meanwhile horizontal leadership is a flat structure, which can lead to more shared leadership (de Andres).

There are other leadership theories in addition to the theories mentioned above; however, this provides a baseline foundation for the work that has been done in the field. To understand what elements make up socially responsible leaders in corporate social responsibility and B Corporations, it is necessary to comprehend the foundational leadership theories that explain qualities of leaders in these positions. Through my literature review, I found key theories that were emphasized in CSR and B Corporations, and I discuss these in more detail below. Therefore, the following section first describes the leadership theories that relate to trait theory, transformational leadership, shared leadership, and contingency leadership, as these were some of the most common theories that appeared in the literature regarding socially conscious leaders. After describing the foundational theories, I describe the literature regarding leadership in CSR and B Corporations specifically.

Trait Theories of Leadership

Trait leadership theory is an important element to understand when investigating socially responsible leadership because responsible leaders often espouse certain characteristics. Trait leadership theory is based on leaders having expressed traits that make them good leaders. Trait theories were first discussed in terms of men's ability to lead, which was when the Great Man Theory was developed. Traits can include physical traits, personality, temperament, dispositions, and abilities of a leaders (Bryman, 2013). Understanding leadership traits is especially important because the leader is defined in terms of the eye of the beholder or follower.

A process that is discussed in trait theory and that is associated with the CSR and B Corporation literature is emergent leadership. Emergent leadership, which is a type of informal leadership, is a process of how and why someone is seen as a leader, regardless of a formal title or role. Emergent leadership is a process by which some people emerge or are perceived as leaders. Openness to experience and cognitive ability have been shown in emergent leaders when compared to followers (Kickul & Neuman, 2000). Openness to experience is a personality trait that describes individuals who are curious, creative, and have a strong imagination. Kickul and Neuman find that emergent leader characteristics, such as conscientiousness and cognitive ability, are related to team performance. Therefore, leaders who can work in conscientious ways may be able to increase their team's success.

Hanna et al. (2020) synthesized the work done on emergent leadership. The researchers define emergent leadership as "the degree to which an individual with no formal status or authority is perceived by one or more team members as exhibiting leaderlike influence" (p. 82). The authors explain that there are three important categories to consider when investigating emergent leadership which are lateral influence, unit of analysis, and temporal duration. Lateral

influence is when an individual gains the reputation of a leader in a certain setting through taking on a role formally or informally. Emergent leadership research allows the researchers to focus on team behaviors and functions around the leaderlike figure. The unit of analysis is very dependent on the individual who is emerging as a leader. The focus is not on the group or team, but one must look at what the single individual leader is doing and how he or she is behaving (Hanna et al.). This puts specific focus on what traits the emergent leader is displaying. Lastly, temporal duration is relevant because emergent leadership is constantly changing and is dynamic. Because emergent leadership is based on followers' perceptions that can change, the person may only be a leader while the followers see them as a leader. Therefore, the emergent leader may no longer be seen as a leader if the conditions in the team change. Emergent leadership is similar to shared leadership (discussed later) in that there is no formal leader providing vertical leadership (Carson et al., 2007; Hanna et al.). However, this is different from shared leadership because emergent leadership focuses on the individual, whereas shared leadership is amongst a team (two or more individuals). Both of these types of leadership emerge and dynamically evolve for a team or individual.

Understanding trait theory in general and emergent leadership is necessary to evaluating how some individuals emerge as leaders in corporate social responsibility initiatives and B Corporations. Many of these emergent leader traits are highlighted in leaders who focus on CSR. In fact, Angus-Leppan et al. (2010) researched the various leadership styles that are related to CSR. They differentiated implicit CSR, which is CSR that is naturally existent and embedded in business and political practices, from explicit CSR, which requires a voluntary and deliberate strategic decision. Explicit CSR was found to be related to autocratic leadership and public relations. On the other hand, implicit CSR had more to do with authentic and emergent

leadership views. There was a clear sense of conflict between these two. They also found evidence of emergent leadership in leaders in their review. These results were based on innovative strategies to get employees involved in socially responsible goals as individuals, such as donating. Many employees who were interviewed in the study reported noticing a clear conflict between the two styles of leadership being autocratic versus authentic. However, it is possible that this conflict, could be harnessed for the future, as debate has been shown to increase team innovation (Boerner et al., 2007, as cited in Angus-Leppan et al., p. 208). The authors note that transformational leaders (discussed in a subsequent section) might work together with authentic leaders to implement and encourage innovation (Shin & Zhou, 2003), and transformational leadership may encourage debate or disagreement between team members (Boerner, as cited in Angus-Leppan et al., p. 208). Therefore, this study shows how different leadership tactics and traits apply to CSR and B Corporations. Leadership is complicated, as there is not a singular type of leadership that is seen throughout all elements of a CSR strategy. Trait leadership theory is just the start to understanding how socially conscious leaders behave.

Transformational Leadership

Transformational leadership is relevant in CSR and B Corporations because of the collaborative and caring culture that puts on emphasis on employee's well-being. Transformational leaders inspire and motivate followers by engaging and investing time with them individually. Transformational leadership has been divided into four components: idealized influence, inspirational motivation, individualized consideration, and intellectual stimulation (Bass & Avolio, 1993). Idealized influence suggests that transformational leaders should be modeling ethical and positive behavior for their followers. Inspirational motivation happens when leaders can provide a clear guiding vision for their followers. They can do this so well that

the vision is completely adopted by the followers, giving them a strong sense of purpose and a drive to achieve results. Then, transformational leaders work on individualized consideration by giving their followers clear communication and investing in their success. Transformational leaders do not micromanage, and therefore, individuals are able to adopt the organizational culture and grow as a unique individual. By building trust and respect, leaders can help the whole team and not just themselves (*The Four Is of Transformational Leadership*, 2021). Intellectual stimulation is based on the idea that leaders encourage their followers to push against the status quo and focus on opportunities to grow, rather than outcomes.

Transformational leaders often develop higher morality to engage with followers in transformative ways (Bass, 1999). Transformational leaders go beyond their own personal self-interests in being a leader to support and elevate their followers' development. Transformational leaders can be authoritarian or democratic, and participative or directive (Bass, 1999). If leaders wish for their organizational culture to be more transformational, then the top management must make goals clear and achievable (Bass, 1999). In this case, this is particularly important for organizations who are acting in a socially conscious way, as the natural goal is to create transformation both internally and externally. Leadership in these types of organizations must support individuals' development at lower levels. In addition, they need to encourage creativity and innovation.

Organizational culture (defined as shared values and beliefs) in a B Corporation is clearly important to the success of the company, as the leaders and employees must believe in the mission and vision of the organization. Organizational culture directly relates to transformational leadership. Organizational culture is the glue that holds the company together (Bass, 1999). It includes the shared values and goals that employees in an organization have in common and

prioritize (Bass & Riggio, 2006). Leadership is very influential in shaping organizational culture, as many leaders often set the norms and central ideas of the company based on their own preferences and beliefs. Leadership and organizational culture are intertwined, as leaders enforce and prioritize the culture that they want, and the culture influences the way that leaders behave in the workplace (Bass, 1999). Transformational leaders can clearly align the company with the vision they want to achieve (Bass, 1999). They explain these ideals to the followers and encourage the followers to practice these values themselves.

Transformational and transactional cultures are different from each other. Transactional leadership, as well as culture, is based on rigid rule following and clear guidelines for success based on transactional exchanges. Transactional leaders focus on assigning tasks and dividing up the work in a clear-cut way. There is not a focus on the professional development of the followers, instead this culture is based on achieving results. In transactional cultures, there is less focus on the vision or mission of the organization, making it less conducive to the mission driven results in CSR and B Corporations. This sort of an organization is competitive and individual rewards are based on performance (Bass & Riggio, 2006). Often the followers do not identify with the mission or vision, as leaders are not investing in them as people, and are not creating a collaborative culture for the beliefs to thrive. However, it is important to note that in certain situations transactional leadership is effective, but it is not as relevant to socially responsible leadership.

On the other hand, transformational cultures require interdependence between the followers and the leaders, as the culture focuses on shared values and success. In these types of cultures, leaders must think and act beyond their own self-interests and invest in the development of their followers (Bass, 1999). Transformational culture is based on a central guiding practice

where the followers and leaders can both learn from each other. In theory, a transformational culture should align with transformational leaders, as they both require leaders who empower their employees' success and who model the shared values and norms that the company prioritizes (Bass, 1999).

Transformational leadership directly links to B Corporations and corporate social responsibility, as leaders must prioritize the mission of sustainability and social goals and communicate this with their followers. In addition, socially conscious organizations also emphasize a caring and respectful culture for their employees, which transformational leaders are likely to be able to facilitate or create.

Waldman, Siegal, and Javidan (2006) elaborate on how transformational leadership and charismatic leadership are related to CSR work. They conducted survey research of over 50 firms regarding leadership. They found there is a positive relationship between CSR and firms that are larger, had higher profits, and invested in more research and development. Social CSR, which is related to community and diversity metrics, is related to higher research and development. This may be because larger firms have more capital available to invest in innovation. Waldman et al. also find that a CEO's intellectual stimulation may contribute to a firm's likelihood of engaging in strategic CSR, which was measured by environmental, product quality, and employee motivation indicators. Because intellectual stimulation (which is a part of being a transformational leader) may influence the CSR in the company, it is important for leaders to recognize how their creativity can impact the initiatives. These types of leaders might recognize the importance of CSR and be able to integrate the mission into the business' objectives. Waldmen et al. found that intellectual stimulation in transformational leaders is

successful for CSR which suggests that socially conscious leaders may need to exhibit these tendencies to create meaningful progress towards their social goals.

In addition, transformational leaders often engage a diverse set of stakeholders and display integrity. Leadership integrity is considered an important element of a business and can also lead to reduced costs (Thomas et al., 2004). If executives do not act in an ethical way, it can lead to a negative impact on the business. Unethical behavior can result in fines, clean-up costs, loss of brand reputation, moral loss, or increased government regulation (Thomas et al.). Therefore, leaders acting with integrity is important to an organization's success. Leader's ethical behavior is key to the success of firms engaging in CSR. A study that surveyed 500 CEOs of major corporations supports this idea. When CEOs said that they valued economics as a top priority, they were seen as more authoritative leaders (Waldmen et al., 2006). On the other hand, when CEOs prioritized all stakeholders as their first choice, they were seen as visionary and transformational leaders, clearly relating to socially responsible leadership. B Corporations main goal is to support all of their stakeholders, not just shareholders, so this research reveals important elements for leadership.

Building on this literature, Du et al. (2013) summarize the impact of different leadership styles in corporate social responsibility. They find that transformational leadership, but not transactional leadership, is positively related to corporate social responsibility. However, there was a negative interaction between transformational leadership and CSR practices, indicating that transformational leadership may reduce the positive relationship between CSR and organizational outcomes. On the other hand, transactional leadership increased the connection between organizational outcomes and CSR practices. The practical conclusions from their study suggest that different types of leadership styles influence the success of corporate CSR practices.

Leaders should adopt multiple lenses to be successful. Transformational leadership might be best for creating the responsible practices, but transactional leadership may be better for implementing the design. Ideally, leaders would choose the appropriate leadership style depending on the circumstance to get the best outcome. This is important because it builds on previous literature that suggests leaders need to approach situations through different lenses, and it also opens an avenue for leadership training. Leaders could be trained to implement different leadership styles in different situations in their organization.

Therefore, this section describes transformational leadership and how it applies to CSR and B Corporations. Transformational leaders can create a transformational culture that helps followers work towards a clear mission or vision. In addition, the research shows that leaders can apply transactional leadership at times to implement socially responsible designs.

Shared Leadership

Shared leadership is a more recently studied form of leadership that distributes power among team members. D'Innocenzo et al. (2014) defines shared leadership as "an emergent and dynamic team phenomenon whereby leadership roles and influence are distributed among team members" (p. 5). Leadership has historically been looked at in a leader-centric way, dealing with individual characteristics or abilities, but shared leadership switches to a more dynamic version of group leadership (Pearce, 2004; Wu et al., 2018). Teams who have a strong internal team environment, who have a clear shared sense of purpose, and have interpersonal support within the team are shown to have higher levels of shared leadership (Carson et al., 2007). An external coach for the team is shown to help shared leadership develop if the team is lacking internal support, but the coach is less necessary if there is support within the team (Carson et al.). Because sense of purpose and strong team support is related to shared leadership and evident in

CSR and B corporations, this may suggest that these organizations could be a potential location for shared leadership to develop.

Serban and Roberts (2016) showed that in a group setting where team members can create psychological support, it is more likely that shared leadership will develop. Psychological support, or the ability for a team to provide emotional and psychological support to one another by recognizing individual contributions and encouraging others success, is important in shared leadership. Wu et al. (2018) also finds that heterogeneous teams are more likely to develop shared leadership. This is an important consideration as CSR and B Corporations often care about increasing diversity and including diverse stakeholders in the conversation.

Wu et al. (2018) supports the proposition that shared leadership has a potentially positive correlation with team outcomes. Drescher et al. (2014) also discovered that shared leadership can be moderated by trust within a group. Trust relates to individuals in the team feeling comfortable being vulnerable in the group. Trust is an important building block for the leader-follower relationship to develop. Trust is also relevant for social responsibility, as employees must trust leaders to prioritize the correct goals and stay true to the mission of the company. The metanalysis by D'Innocenzo et al. (2014) also finds support for a positive relationship between shared leadership and team performance.

Hellstrom (2014) further discusses the connection between shared leadership and employees' happiness in B Corporations. To become a certified B Corporation, organizations must prove that they are actively contributing to the work life balance of their workforce and respecting their employees. Hellstrom specifically studies how leadership can influence employees' happiness in B Corporations, hypothesizing that shared leadership is fundamental to employees' happiness. Shared leadership is often held by multiple individuals and contradicts the

traditional structure of hierarchical organizations. Some of the definitions in the literature are

"leadership that emanates from members of teams, and not simply from the appointed leader"

(Pearce & Sims, 2001, as cited in Hellstrom, p. 11), "a dynamic, interactive influence process

among individuals and groups for which the objective is to lead one another to the achievement

of group or organizational goals or both" (Pearce & Conger, 2002, as cited in Hellstrom, 2014, p.

11), and "when two or more members engage in the leadership of the team in an effort to

influence and direct fellow members to maximize team effectiveness" (Bergman et al., 2012, as

cited in Hellstrom, p. 11).

After describing the different components of shared leadership and happiness, Hellstrom

(2014) provides insight from a variety of qualitative interviews from employees at two B

Corporations. In these interviews, the employees describe shared leadership and employee

happiness as being intertwined. There was a clear relationship between shared leadership and

high happiness which are mentioned several times by each of the employees. This study has

unique practical implications suggesting that leadership in socially responsible organizations

might do well to focus on shared leadership tactics to give power back to the employees. It also

suggests that shared leadership may be a fundamental component to employee management in B

Corporations.

Therefore, shared leadership is related to socially conscious leadership because power is

not centralized in a single leader but is distributed among multiple people in a team or

organization. In CSR or B Corporations, it is likely that all the individuals recognize the impact

of their work, and they all share the power to make a difference. Sharing power means trusting

individuals to make decisions that will benefit the company. Though there are still clear job

titles, shared leadership might allow an entry level employee to contribute to a discussion with a

senior executive. Employees often succeed when they are trusted, have a sense of autonomy, and feel connected to the purpose of their work, which can develop in these organizations (Sinek, 2012, as cited in Hellstrom, 2014). Employees who work in these fields may be attached to the mission or vision of the company, and through shared leadership, they can contribute to the decision-making processes in the organization.

Gender Contingencies and Leadership

Contingency leadership theories suggest that there are situations that leaders must adapt to and where they must apply different types of leadership. An especially relevant contingency that appears in the literature is the sex of the leader. Gender has been studied a lot since females have been historically underrepresented in the field. Therefore, as more females become leaders, the change offers a contingency that is potentially important to understand leadership more fully. A substantial body of research has looked at the differences between males and females regarding leadership tendencies. In one study, companies with more senior positions filled by women were found to be more profitable, more socially responsible, and provide better customer experiences (Post et al., 2020). Women have been shown to be more participatory (Eagly et al., 2003; Setó-Pamies, 2015) and democratic (Eagly & Johnson, 1990; Setó-Pamies) in their leadership styles. Specifically related to CSR, research has shown that companies with more female leaders are more likely to engage in high quality CSR initiatives (Babcock, 2012). Female leadership is more likely to produce successful CSR outcomes (Larrieta-Rubín de Celis et al., 2014). In fact, "In 2007, companies with three or more female directors made donations that were 28 times higher than companies with no female directors" (Babcock, para. 3).

Post et al. (2020) published a study to understand the real impact of having more women in leadership positions. They found that firms who had more women in senior leadership were

more open to change and more risk averse than men (Byrnes et al., 1999; Post et al.). This

suggests that women influence how top management thinks. This relates to B Corporations

specifically because leaders must be open to trying a new form of business and hybridizing their

model to be successful. Post et al. analyzed linguistics in firm documents, as well as research and

development spending. The study's results indicated that having women in top positions was

correlated with more words that suggested openness to change and more focus on R&D

spending. In addition, gender and different styles of leadership have been studied in the context

of CSR.

Alonso-Almeida et al. (2017) studied the impact of gender on leadership styles and CSR

practices. They found that women had higher rankings for transformational leadership than

males, while men ranked higher on dominance values (Bass, 1999; Alonso-Almeida et al.).

Dominance leadership is when leaders are authoritative, goal-seeking, and power-hungry

(Holmes, 2003, as cited in Alonso-Almeida et al.). This may be because women must work

harder and be better leaders than their male competitors, as it is challenging for them to attain

positions of power. These results are similar to previous research. Alonso-Almeida et al. found

that women and men both displayed the use of dual leadership. Dual leadership is the ability to

adapt leadership styles to the setting and situation at hand, similar to contingency theories

discussed above. The researchers suggest that both men and women can apply dominance or

transformational leadership depending on the changing nature of the environment. This suggests

that both males and females can lead adaptively and problem solve. It is important in the context

of CSR, as there are many decisions to be made about complicated issues. Alonso-Almeida et al.

had individuals rank the importance of five CSR categories: social, internal, external, legal, and

environmental. In their definition, internal stakeholders are people who work at a company, such

as employees or owners. External stakeholders are people who are impacted by the business outside of working there, such as suppliers, governments, shareholders, and society. Women tended to see more value in CSR initiatives and ranked all categories of CSR as more important than males. Women seemed more concerned with balancing all the elements of CSR to provide benefit to a diverse group of stakeholders (Konrad & Kramer, 2006; Alonso-Almeida et al.).

In contrast, leaders who were more dominant had a narrow perception of CSR elements, focusing mostly on external or legal stakeholders. Women showed equal interest in satisfying both internal and external stakeholders, while men were more focused on external stakeholders. This finding suggests that women may be better equipped to balance the goals and interests of all a firm's stakeholders. Clearly, including internal stakeholders such as employees in their strategic initiatives is important to being a socially responsible leader. Therefore, increasing diversity in leadership positions could provide a new lens for CSR tactics. In addition, B Corporations are required to acknowledge and analyze their company's impact on all their stakeholders, implying the importance of women leaders as well. In general, this research could suggest that including women in leadership decisions could be related to improving CSR performance or at least combining multiple perspectives (Alonso-Almeida et al., 2017). This is because women often care more about the diverse set of stakeholders and tend to be more open minded.

Research has shown that women tend to lead differently than men (Dávalos, 2020). Bernardi et al. (2006) and Bernardi & Threadgill (2010) argue that women depend more on interpersonal relationships and participation to implement decisions. This finding suggests that companies that have more women on their board of directors and their leadership team may be more involved in socially responsible activities such as charitable donations (Dávalos et al.; Bear

et al., 2010; Bernardi et al.). In fact, Landry et al. (2016) find that having more than two females on a board of directors will increase the likelihood of the firm engaging in socially responsible initiatives. The authors use this background research to do a study using B Lab's own scoring system (mentioned above). They discover that gender and leadership have a complex relationship with socially responsible behavior. They find that an increase in 1% of participation from women increases the average B Lab score by 0.5 points (Dávalos). This is a significant jump, as that means if there is 50% participation, it could potentially increase the B Lab score by 25 points (Dávalos). Because the median score for a regular company is around 50 points, and companies need over 80 to be certified, a 25-point increase could put a company in the range of being successful certified. In general, this research builds on how female leaders can potentially enhance the socially driven goals in B Corporations or in CSR as well. That being said, one must be mindful that causality cannot be asserted with any assurance.

Building on the gender literature, Ardito et al. (2021) finds that female representation on the board of directors is beneficial overall, but not for every dimension of CSR. This article finds that greater female board participation has a positive effect on some elements of CSR, but not on others. Ardito et al. found that customers' management and community engagement are positively related to having more women on the board. The authors suggest that this may be because women are able to make connections with people and have a higher degree of social awareness (Ardito et al.). Whereas they found a negative relationship between the environmental performance and employees' well-being with more female leaders (Ardito et al.). The researchers suggest that this could be related to stereotypical impacts that women are not as strong with technical skills, which could cause women to struggle to contribute to the conversation about environmental improvements. Women might also struggle to contribute to a

firm's long term strategic visions, which relate to HR decisions and employee management. In general, this article supports the notion that women have unique leadership capabilities that can support socially responsible organizations to achieve their various goals. The dynamic between including men and women in leadership positions is important to creating a holistic strategic plan.

In relation to B Corporations, Grimes et al. (2018) find that companies with female leaders are twice as likely to successfully obtain B Corporation status. They hypothesize that women are more likely to engage in socially conscious business innovations, especially in sustainability, due to their ability to engage in positive deviance. Positive deviance is defined as "intentional behaviors that significantly depart from the norms of a referent group in honorable ways" (Spreitzer & Sonenshein, 2004, p. 832). Because of women's inclination to deviate from the norm, this study shows that women are vital to jumpstarting organizational change that is associated with B Corporations and ESG concerns. The article points out that women often display the characteristics that are necessary in B Corporations, such as being focused on the environment and social initiatives. Therefore, they hypothesize that women are more likely to engage in identity work to develop their own connection to these values (Grimes et al.), linking their own leader identity to the success of the company. Because B Corporation certification reaffirms these ESG values that women often espouse, it could aid an organization in gaining B Corporation status. In general, gender research implies that women bring a unique set of leadership skills to the table and can be beneficial in helping a company achieve CSR and B Corporation goals. This has practical implications because gender, as well as other diversity and inclusion metrics, may be very important for B Corporations and CSR teams to reach. But again, strong claims of causality cannot and should not be made.

General Research on CSR and B Corporation Leadership

Though the above theories provide a great foundation to examine socially conscious leadership, the following section provides more in-depth research about other unique elements that help investigate leadership in B Corporations and in CSR. The foundational theories are related to CSR and B Corporations in unique ways (see Table 1), but the following section summarizes more niche literature on the topic.

Arora et al. (2019) proposes an integrative framework for socially conscious leadership. The researchers draw from previous literature to combine feminist leadership, multicultural leadership, transformative leadership, and embodied leadership to create an overlapping guide to becoming a successful socially conscious leader. They suggest that feminist leadership is vital to challenging barriers to the workplace and making business more inclusive (Arora et al). A feminist lens to leadership can help people recognize and fight injustices and increase equality (Arora et al.). In conjunction with these actions, multicultural leadership can disrupt normal behaviors and focus on social justice (Bordas, 2012, as cited in Arora et al.). Multicultural leadership can challenge the status quo. The researchers focus on transformative leadership related to creativity, personal reflection, and agency. Lastly, embodied leadership means leaders are aware of their emotions and their somatic experiences. The researchers suggest that leaders should approach leadership through all four lenses of (a) a sacred sense of purpose, (b) transformed relationship to power, (c) multidimensional authenticity, and (d) embodied somatic awareness. Sacred purpose gives life meaning and demands care and attention. This can be unique to each individual as people may think different things are sacred. Purpose is important to align the leader's goals and thoughts to a clear path towards making a difference. Craig (2018) suggests that by aligning with a sense of purpose, leaders are better at letting go of their selfish

goals and become less competitive and may transcend ego-based leadership practices. The next step is unpacking a leader's relationship to power and the various stereotypes that are associated with power.

It is no secret that women and minorities may have a very different relationship to power than white men. Women and minorities have been punished for power seeking behaviors and face heightened pressures to conform (Arora et al., 2019), and women may be seen as inauthentic if they do not act in stereotypical female ways (Eagly & Carli, 2007, as cited in Arora et al., p. 41). By recentering and understanding their power as a leader, women may be able to focus on making an impact and developing their own identity. In Arora et al.'s proposed framework, leaders must learn multidimensional authenticity to be fully themselves and understand the continuous process of evolution and change in leadership, relating to transformative leadership. Lastly, recognizing somatic experiences and how a leader's external behaviors and emotions can influence their work is vital. Though this is sometimes challenging to control, understanding how one's external presence dominates a room or influences others can lead to somatic intelligence (Arora et al.). Research suggests that with somatic intelligence, leaders can navigate change and stress more effectively when they are connected to their bodily awareness (Hamill, 2003 as cited in Arora et al.). Somatic intelligence requires that leaders understand how their emotions and unconditioned reactions impact their reactions and behaviors (Blake, 2018 as cited in Arora et al.). Controlling one's emotions could be particularly important in CSR and B Corporations where political and ethical issues are being discussed and prioritized. Their model suggests combining these four elements and including the different types of leadership styles to help socially conscious leaders foster an inclusive and innovative environment.

There is some debate whether firms that focus on corporate social responsibility make any real difference in the world (Peterson & Patel, 2016). Because it can be very challenging to align normal corporate profitability goals with environmental and social concerns, it is vital that socially conscious leaders work to develop a strategy for the future. Peterson and Patel emphasize that these types of leaders must be open to innovative business practices in the future. This is where B Corporations come into the picture and can offer a unique way to combine business incentives with benefits for the environment and marginalized communities. B Corporations can achieve profitability margins, while also supporting social justice initiatives. B Corporation leaders can create a unifying mission for the firm to work towards global social responsibility while running a successful company at the same time.

Being visionary in the way leaders guide followers has a large impact on the people they manage. In fact, people management is fundamental to the purpose and beliefs of B Corporations. Winkler and Portocarrero (2018) argue that written into B Lab's vision is that B Corporations should be the "Best for the World," and therefore, need to be "Best for the Workers" (p. 225). In B Lab's certification process, companies must obtain a minimum score in the "employees" category to prove they are improving the lives of their workers. Winkler and Portocarrero recommend that leadership frameworks can be adapted from strategic human resource management (SHRM) literature. The first element of SHRM is strategic, which suggests that firms should focus on the strategy and purpose behind their mission. This is particularly important in B Corporations whose main goals are providing a positive impact to all stakeholders not just their shareholders (Winkler & Portocarrero). The article notes the importance of shared values or philosophies and policies. Therefore, leaders in B Corporations should make policies very clear cut and build upon their current guiding values to improve people management in their

organizations. The authors suggest that B Corporations need to go above and beyond the

previous models for human resource management and create a hybrid and innovative approach to

guiding their employees. Because B Corporations care about equitable compensation, benefits,

training, work environment, and worker ownership, it is essential that leaders in these

organizations implement new and creative ways to manage their people.

  One element that has yet to be addressed in this thesis is the employees' relationship with

the leader in a B Corporation. Clearly the relationship between a leader and a follower is

incredibly important. Wodarczyk (2019) highlights the importance of trust and loyalty in a leader

and follower relationship. Trust in a leader can greatly influence the company culture (Cho &

Song, 2017). In fact, having more trust also means that the followers have more confidence in

the company as well as the executive leadership (Cho & Song; Wodarczyk). Many B

Corporation leaders work hard to establish trust with their employees and stakeholders through a

culture of shared decision making and transparent practices (Lins et al., 2017; Wodarczyk). In

general, because of the nature of socially responsible leaders, in both CSR and B Corporations,

trust is vital to their success as a leader. In fact, it also relates to transformational leadership.

Most transformational leaders highlight trust as a fundamental component to their work because

they want their followers to engage with them and trust that they can help them reach their goals.

Trust is a moderator between transformational leadership and performance, attitudes, and

satisfaction of followers (Bass & Steidlmeier, 1999). Trust must be mutual in transformational

leadership. Therefore, socially responsible leaders should spend time developing trust within

their organization to successfully achieve their social and environmental goals.

  Broadening the context, Karp (2003) describes the changing nature of business with a

new focus on stakeholder capitalism instead of only shareholder capitalism. Many businesses

may claim they are doing more for the planet or for their people, yet they have been caught up in lawsuits alleging misconduct regarding their employees. For example, Wal-Mart tries to provide accessible goods to customers, but they have been accused of forcing their employees to work overtime for no compensation (Karp). There is a new push towards running companies that are truly interested in acting in a socially responsible way. Karp states that a socially responsible company should be "responsible to its stakeholders, accountable for the broader effects of its business activities by aiming to deliver shareholder, and environmental value all together, and accountable and transparent in all aspects of its business operations" (p.16). He believes that leadership will need to match this trend by focusing not just on business but questioning how business is completed. In fact, it could be a strategic advantage for companies whose leaders are able to demonstrate the ethics needed to be successful in this new business dynamic. According to Karp, leaders will need to be better at communicating with stakeholders of all kinds, being transparent and announcing their goals publicly and proudly, working on integrating the social concepts into the core of the business model, and viewing these changes in business as an exciting and innovative changes in the market.

Stubbs (2017) assesses the sustainable business model in the context of B Corporations. The author questions whether a B Corporation is a scalable model for the future and identifies the unique characteristics of B Corporations. One of the keys to leading this type of business is engaged and excited leadership that has a clear goal in mind. According to Stubbs, leaders must go behind the ideas of profit maximization, and they must be invested in the social goals that the organization is trying to achieve. In fact, B Corporations themselves could be considered social innovators as they are trying to jumpstart a hybrid form of business. They are the first organizations to pioneer this idea of profit and purpose being linked to the core of the business.

In Karp's (2003) study, many employees noted that leadership at B Corporations aligns with the mission and values of the company, unlike other companies that may just be focused on increasing profits. The author notes that individuals believe that B Corporations do not see leadership in their field just as an internal method of achieving their goals, but rather, they focus on external change and impact. Therefore, this widens the idea of leadership beyond just the individual leaders in a company by describing the entire organization as a leader in the industry. In general, this suggests that B Corporations and CSR initiatives are leading the way and inspiring people to improve their business models to consider all stakeholders.

Because of the focus on external and internal stakeholders, B Corporations are seen in many ways as hybrid business models, which are firms that are running commercial operations in the market with the goal of improving societal conditions (Santos, Pache, & Birkholz, 2015). As mentioned earlier, the founder of the B Corporation or business has a large impact on the success of the company (Villela et al., 2021). Clearly the founder and original members fundamentally influence the trajectory of the business. It is often the founders who are inspired to achieve B Corporation status, as they care deeply about the mission and act in a socially responsible way. Founders are often the ones who initiate the process of certification, and they are the ones who carry it out. In a study by Villela et al., the researchers found that when examining case studies of B Corporations, the initial structure of the company impacted how the company was able to progress through certification. This means that the leader's original vision may have a large impact on the ability of a company to become a B Corporation. This study looks at multiple Brazilian B Corporations and their process of certification (Villela et al.). It highlights the importance that the founder plays and suggests new ways to change the B Corporation movement to include even more employee management techniques. This has

practical implications because it emphasizes the founder's ability to create a vision from the start

of the organization and suggest that companies could capitalize on shared leadership tactics to be

successful.

In conclusion, Kirst et al. (2021) summarizes the literature on B Corporations. The

researchers look at sixty-five published papers that focus on B Corporation management,

identifying themes around four categories: legal model and governance, entrepreneurial journey,

external environment, and performance. The study highlights key leadership themes that align

across various papers. For example, Kurland (2018) finds that hybrid models can have stronger

ownership cultures, since employees are engaged and committed to the work environment,

relating back to the transformational culture and shared leadership. As noted, a founders'

motivation also often determines the likelihood of the corporation achieving certification (Villela

et al., 2021; Zebryte & Jorquera, 2017). This is because founders often have the clearest view of

goals and values. A case study of Italian B Corporations showed that a leader's intrinsic

motivation relates to their ability to be certified (Del Baldo, 2019). Building on this, Zebryte and

Jorquera note that founders of B Corporations tend to focus on a hybrid work model to achieve

social innovation goals. Across the research for CSR and B Corporations, leaders have a large

impact on the purpose and goals of the company. In fact, leaders' and founders' personal beliefs

and values often shape the way the company is run and are a strong indicator of increased CSR

efforts (Burger-Helmchen & Siegel, 2020; Donnelly & Wickham, 2020). With leaders being

focused on their mission, these companies can integrate social and environmental goals leading

to a more sustainable model of business.

Foundational leadership theories suggest that transformational leadership, trait theory,

and shared leadership could be important strategies for socially responsible leaders to adopt in

enhancing CSR goals. In addition, human resource management, trust, sex, and the founder's vision all contribute to a leader's ability to excel. Though each organization and every leader employ different tactics, understanding the field in general and what leadership looks like in CSR and B Corporations is important to crafting a holistic narrative. More females in positions of power have been correlated with socially responsible activity and distinct focus on all stakeholders. In addition, transformational leaders can connect with and inspire their followers or employees to achieve better outcomes. Specifically in CSR or B Corporations a founder's vision can have a long-lasting impact on the success of the organization. Taken together, the literature indicates that there are many elements for leaders to consider in socially conscious organizations. Leaders must deal with all these different elements and successfully guide their employees and other stakeholders to make a difference while also succeeding in the market. Therefore, being a socially responsible leader clearly can be very challenging, but if leaders can use these foundational theories to help bolster their leadership style, they may be able to grow and improve their organizations.

Chapter III: Case Studies

To understand the purpose behind B Corporations and examine actual examples of socially conscious leadership, the next section reports on three case studies. This chapter provides the practical application of the above theories to understand how leadership works in the real world, focusing on Patagonia, Allbirds, and Tillamook, as examples of successful B Corporations. To understand more about the companies' mission and the leaders within the organization, I interviewed current employees at each of these companies. The employees shared their thoughts and reflections about the organization and their managers or leadership tactics at work. In addition, I interviewed an individual who works for B Lab, the nonprofit who certifies B Corporations, about what the nonprofit looks for in leadership. The semi-structured interview protocol used in these interviews is presented in Appendix A and B.

To find potential interviewees for my thesis, I used LinkedIn to search for Claremont Colleges alumni who work at well-known B Corporations. I searched for employees at Patagonia, Tillamook, Allbirds, Ben & Jerry's, Grove Collaborative, and a few other companies that I found on the B Corporation website. In addition, I searched to see if there were alumni working at B Lab. I found CMC alumni at Patagonia, Tillamook, Allbirds, and Grove Collaborate, and B Lab. Using the alumni database, I located their emails, and I asked them if they would be interested in talking with me about their jobs. I only received responses from Patagonia, Allbirds, Tillamook, and B Lab employees. Then, I proceeded to schedule phone interviews with three different individuals. One employee worked at both Allbirds and Patagonia, so she was able to speak about both companies. During the interviews, I recorded their answers to draw connections and themes between their responses. I asked the employees at B Corporations a series of questions (see Appendix A) that related to socially conscious

leadership and their work at their firm. I asked the individual who works at B Lab slightly

different questions (see Appendix B). Afterwards, I went through the interviews and highlighted

the common themes or important insights that the employees focused on. These interviews

provided qualitative information to understand the practical implications of leadership in B

Corporations. Below, I focus on three case studies and end with advice from an employee at B

Lab.

Patagonia

Patagonia is a privately-owned American company that sells outdoor clothing and

accessories. Patagonia is a B Corporation that is focused mainly on doing good for the planet, as

well as unserved communities. Patagonia's mission statement is "We're in business to save our

home planet" (https://www.patagonia.com.au/pages/our-mission). The company was started in

1973 when Yvon Chouinard, the founder, realized there was a lack of functional climbing gear in

the market. After this, the company started creating sustainable and practical products that could

help people climb mountains or conquer waves, while having a minimal impact on the

environment (Clifford, 2021). Patagonia puts a huge emphasis on environmental and community

impact, as seen in their B Corporation scores (see Table 1). They received a very high value for

the environmental impact in their B Lab Assessment.

As the company grew and started creating apparel for all sorts of outdoor adventures,

they made sure to stay true to their mission. Every raw material or each textile that is used for

Patagonia gear is sustainably sourced, and the company can trace exactly where things came

from. In addition, they pay fair prices for their products, making sure that the seamstresses or

producers involved are being compensated fairly for their products. They also commit to

donating 1% of their sales to help grassroots organizations across the world (*1% for the Planet*,

n.d.). They recognize the impact that business can have on all the stakeholders involved, and they are paving the way for a new kind of business. This new inclusive and socially responsible business model takes great leadership.

Patagonia has recently received press attention for their sustainability measures and deliberately crafted company culture (Clifford, 2021). Yvon Chouinard is a unique founder, as he engineered the company culture to be accepting and fun, not corporate or profit driven. In fact, as the founder, he wrote a book called "Let My People Go Surfing" in which he describes the building blocks of this successful company. In an interview on NPR's podcast, "How I Built This," Yvon Chouinard discusses how he wants his employees to take time off to go surfing (NPR, 2017), as noted in the opening pages of this thesis. This has become a famous statement as he suggests that when the tide is high, people should feel free to leave their desks to go enjoy the waves. He purposefully built a culture where people can work when they want and still enjoy their lives. In fact, Chouinard takes half the year off every year to go fishing in Jackson Hole. He says, "I still only wanted to work part of the year myself. I would take off June until November," says Chouinard. "I got a place in Jackson Hole, and I go fishing every day. I call in maybe three times in the five months that I am gone. People know, if the warehouse burns down, don't call me. What can I do? You know what to do" (Chouinard, as cited in Clifford, para. 4). As a leader, he clearly puts a lot of trust in his employees, so much so that he feels comfortable leaving for half the year.

From this quote, one can see that the founder sets the tone for the business, or B Corporation, from the start. Chouinard has crafted a company culture in which people can feel supported and engaged in their work, while also taking care of themselves and their families. In fact, Patagonia corporate has an onsite daycare for employees' children. They believe that

investing in childcare is important and necessary, especially because they have many female

employees, including in upper management positions (Clifford, 2021). They have equal gender

balance across the entire company, and they have one of the lowest turnovers among their

women employees (Stanford Graduate School of Business, 2020). Rose Marcario, the former

CEO, says that she believes this is one of the most important things that they do as a business. As

discussed above, female leadership can provide new insights into CSR and B Corporations.

Patagonia leadership is taking the necessary steps to support women in the workplace so that the

company can do what it does best, which is make great products, care for its employees, and

protect the environment. Patagonia cares deeply about its employees, as they are so important to

B Corporations' goals and can do so while being a successful business. They do over one billion

dollars in sales each year across the globe, in addition to meeting all their social and

environmental goals, such as making 100% of their US electricity come from renewable

resources.

Patagonia's website states that "The challenges we face as a society require leadership.

Once we identify a problem, we act. We embrace risk and act to protect and restore the stability,

integrity and beauty of the web of life" (https://www.patagonia.com.au/pages/our-mission). As a

leader, Yvon Chouinard was incredibly successful at creating a clear vision and establishing the

norms in his company. His standards and expectations for company culture were clear from the

beginning of the company, when there were only ten people working, until now with over 3,000

employees worldwide. As mentioned in the literature review, founders' visions and missions

have a huge impact on a B Corporation's success.

In addition, former CEO Rose Marcario said she leads by the example of "you don't get

points for holding back" (Stanford Graduate School of Business, 2020) meaning that as a leader,

she is taking steps towards making a difference in the environment and making sure that each

step Patagonia takes aligns with the mission. Rose describes Chouinard as "very self-examined.

It is really part of the company culture to live an examined life" (Stanford Graduate School of

Business). This quote shows how Patagonia's leaders are constantly reflecting on how to

improve and grow with their company. The founders' vision has an impact on the success of

their goals, and Patagonia is paving the way for great socially conscious leadership. The themes

throughout this case study suggest that Patagonia may be aware of the unique positive impact

female leaders can have on the company's ESG goals. In addition, they invest in their leadership,

and give the employees the power to make their own decisions about when to work. In many

ways, transformational leadership is evident in the company because the leaders are truly

invested in the success of their employees and in the generations to come.

Allbirds

Allbirds is a New Zealand-American company that produces sustainable footwear and

other apparel. Allbirds was founded by Tim Brown who was intrigued that Merino wool had not

yet been used in the footwear industry. This product is a natural raw material and is easily

sustainable sourced (https://www.allbirds.com/pages/our-story). Their B Impact Assessment

environmental score is quite high at 28 (see Table 1), showing environmental impact may be

their priority. With their original tennis shoe made from Merino wool, with a sleek and simple

design, the company was born. Today, Allbirds uses recycled materials for their packaging, is a

certified B Corporation, and runs a program called Soles4souls, which donates shoes to

underprivileged communities (https://www.allbirds.com/pages/our-story). Allbirds mission

statement is "Better things in a better way" (E. Nordoff, personal communication, October 20,

2021). The co-founder Tim Brown, being a former soccer player, recognized that most shoes in

the industry were created from harsh synthetic materials. He then began imagining what it would

be like if shoes were made from nature, and thus Allbirds was started. Tim Brown and his other

co-founder, Joey Zwillinger, realized that "People don't buy sustainable products. They buy great

ones," and so Allbirds decided, "We can make great products that are sustainable" (NZTEvideo,

2018). Tim Brown believes that the company needs to have the customer at the heart of their

production, and he puts a lot of focus on a culture of feedback where they ask their customers

what they want to see improved (NZTEvideo). In addition, they ask each new employee to

contribute to their vision right from the start, and management values their suggestions

(NZTEvideo). In many ways, this relates to transformational leadership, as the leaders care about

their followers improving, as much as themselves.

When talking with an employee, Emily Nordoff, who has worked at both Patagonia and

Allbirds in a retail capacity, she spoke about how much these companies care about choosing the

right leaders:

> [For] the people who are applying for positions in leadership, whether it's at the store
>
> level, or, more broadly speaking, like at a CEO level, there are so many eyes through the
>
> interview process, that they're really trying to seek out people who will align with the
>
> mission. Both companies do a really good job of finding people that align with the
>
> mission and want to identify with what the company is trying to do. Both CEOs are
>
> emblems of what a B Corporation stands for. (E. Nordoff, personal communication,
>
> October 20, 2021)

This quote shows how both Allbirds' and Patagonia's leaders display the traits and express the

sentiments that represent socially conscious leadership. These companies seek leaders who want

to make a difference and align with the mission of the company.

After only approximately five years in business, Allbirds is incredibly successful and has made a brand name for themselves in the shoe industry. Now, Allbirds is preparing to go through the IPO process to become a public company, unlike Patagonia who has decided to stay private. Allbirds is one of the few B Corporations who are going or have become public. B Corporations have leaders who are not afraid to try something new and disrupt the traditional business model, like Allbirds using an untraditional resource to make shoes. This type of nontraditional leadership may not sit well with mainstream investors. In our interview, Emily Nordoff said that Allbirds will be the first company to try to go through a "SPO", which stands for a sustainable public offering, and on November 3rd, they officially went public. They are leading the way in trying to set precedent for a new wave of business for companies in the future. Before the IPO, they were assessed by a third party regarding their ESG criteria. They are hoping that by creating this new way of leading in the public market, they can encourage other businesses to follow suit.

Emily Nordoff gave even more insight into Allbirds' goals as company and how they interact with their customers. She said,

> We are educating our customers as they come through our doors. We're giving them a great customer experience, but also letting them leave with a little bit more knowledge about either our mission or our materials or why we're doing what we're doing. So, it's holistic, and it's honestly one of the big reasons why it's difficult to hire because we're looking for employees to not only be able to just strike up a conversation with a stranger, like regular customer service, but also to really jive and be all about the mission and so much that you want to share it. It's a unique experience, and I witness it through the eyes of the employees that I'm training. (E. Nordoff, personal communication, October 20, 2021)

Through this quote, one can see how the company is investing in its people and its customers to

understand the impact that they are having on the environment and on the planet. In her

experience, Allbirds cares about the managers and employees in the stores. In fact, just to move

up to her position as a floor lead, she went through a rigorous process and was required to go

through over eight interviews. Allbirds knows that the leadership in their company is important

to the success of their business, both for profitability and sustainability goals. Therefore, at

Allbirds, leadership means understanding the purpose and mission of the company and inspiring

others to support the organization. Allbirds also recognizes that their employees and customers

need to come first. Nordoff talked about how the co-founders care about their employees and

their product, contributing to the greater values and B Corporation standards.

Tillamook

Tillamook is a privately held 111-year-old farmer-led and farmer-owned cooperative.

The company was founded by a collection of dairy farms that decided to sell products as a

cooperative. Now, eighty farms and farmers contribute their products to the company. The

company is based in Oregon but does business across the country. Tillamook sells cheese, ice

creams, and other dairy products to consumers through grocery stores, ice cream shops, and in

the restaurant industry. They recognize that "no two farms are alike," and as a cooperative, they

do their best to support their farms and farmers (T. Beltz, personal communication, October 12,

2021). In fact, they recognize the role that these individuals should play in leadership in the

company. Nine of the voting board members are all farm owners. In a YouTube video, Trevor

Beltz, a current employee, said that the company:

> Has training for these board members. It is important for them to understand that the
>
> actions that they take, whether good or bad, have an implication for the overall brand

reputation, what the environmental footprint looks like, and how that meshes with the

environmental and stewardship plan. And so, we make them more mindful of the

decisions that they make and how it impacts the way the company works together with

the farmers. (Claremont McKenna College, 2020)

By giving board voting power and leadership to the farm owners, they are supporting a shared

leadership model. The board votes on important company strategic decisions. On their team,

many individuals have leadership roles and power, giving everyone a unique opportunity to

contribute. In addition, they are providing training for these members to make sure their

leadership tactics align with the company's mission.

The goal of Tillamook is to communicate with and support their six key stakeholders:

thriving farms, helpful cows, inspired consumers, enduring ecosystems, fulfilled employees, and

enriched communities (T. Beltz, personal communication, October 12, 2021). In addition, the

company has very particular values that it upholds. The company emphasizes caring for the

employees, and this shows in their high score on the B Impact Assessment in the "Workers"

category (see Table 1). The company believes that they are one united team who value each

other's perspectives to achieve their goal. The company practices being good stewards to people

and the planet for the long term. Tillamook is committed to creating the highest quality product,

while also supporting innovation and adapting to everyday challenges and the changing

environment. In our interview, Trevor Beltz highlighted this focus saying:

There's really been a drive to create a culture and set values that we root our decisions in

as a working body, that we work as one team, we want to be good stewards, we play to

win, we genuinely care about each other, and our work and things that we do have to

have uncompromising quality. (T. Beltz, personal communication, October 12, 2021)

 The company invests in their leaders and expects that they reach their goals and protect their

stakeholders before even looking at their financials. As an organization, they really care about

the impact they have on all their stakeholders.

Tillamook cares a lot about investing in their people and leadership. They have a program

called Varris Pathways Program that all new managers (directors, VPs, executives etc.) must

complete (Claremont McKenna College, 2021). The goal of the program is to connect

management across silos in the organization and to create connections and clear communication

among managers. In addition, the company has an insights program that teaches leadership skills.

Tillamook wants to be a great place to work, and therefore, the company culture is dependent on

collaboration and communication. They believe that leadership should be spread across the

organization to make sure that the individuals who are making the decisions have power over

their choices. In this model, they are suggesting a very flat leadership structure, like that of

shared leadership. Tillamook leans into this idea of shared leadership by giving individual

decision-making power to farms and farmers in addition to their executive board.

In my interview with Trevor Beltz, he described the decisions that the company's

leadership has made in the past year during the Covid-19 pandemic. The leadership put a lot of

focus on preventing the spread of Covid-19 through their factories, and they were super far ahead

of the curve in tracing the cases in their locations and making sure their employees stayed safe

(Claremont McKenna College, 2020). He said:

> Our CEO and our six executives put their heads together and decided that we needed to
>
> do something big [after covid]. And so, we ended up rolling out a COVID support
>
> package, of about four million dollars between direct support to local businesses and the
>
> communities that we serve. There was a little over a million dollars direct to product

donations to individuals as well as food security organizations. We also had coupons that

we gave to each of our employees to give out to essential workers such as the delivery

people and mailman. Then we provided direct support to restaurants impacted by COVID

shutdowns. So, I think that as far as the leadership goes, they understand that we need to

be creative and to ensure that we lead the way in the right way to do business and to

focus on conscious capitalism, not just earning profits. (T. Beltz, personal

communication, October 12, 2021)

He described how much Tillamook's leadership puts emphasis on helping all stakeholders

involved. Clearly, it is working because Tillamook has a great brand name and has been able to

expand during the pandemic. They even saw a spike in sales in 2020. However, even with those

improved profits, the leadership decided to give back to others in need. Again, Tillamook is an

example of how a founder's or leader' vision for the company is incredibly important for

reaching sustainability or social goals. Tillamook is structurally set up to support its dairy

farmers and cows, as well as their employees, before focusing on profitability. The company

recognizes the role that leadership plays in being a socially conscious business and invests in

their employees through leadership training programs and giving voting power back to the dairy

farms that they buy from.

B Lab

In consideration with the three case studies presented above, it is obvious that each of the

organizations recognize the impact of tailored leadership. These B Corporation founders and

CEOs have clearly contributed to the growth and success of these companies, as they all

illustrate the importance of the triple bottom line: profits, people, and the planet. B Lab is the

nonprofit organization that certifies companies that are applying to be B Corporations. B Lab

oversees the B Impact Assessment mentioned earlier in this thesis. In general, B Lab's goal is to inspire companies to change "business as usual" and make sure that they value and respect all their stakeholders (*About B Corps,* n.d.). In fact, B Lab is working with plenty of companies that are not just focused on becoming B Corporations. B Lab has also added an additional department called the Impact Program which engages with companies that do not get certification (D. Leathers, personal communication, November 1, 2021). The program tries to encourage other companies to adopt B Lab policies of public transparency, legal accountability, and verified performance (*About B Corps*). Some companies may not want to or cannot be B Corporations, but it is still important to teach organizations how to minimize their impact. This is a great model as B Lab is a leader in the industry and is encouraging tons of companies to adopt ethical standards. B Lab recognizes that it is terrific to have big well-known companies on board, but it is just as important to certify as many small to medium sized businesses to truly make a difference (D. Leathers, personal communication, November 1, 2021).

I spoke with David Leathers, who is a part of the team at B Lab, about what type of leadership is essential to a B Corporations' success. He said the most important thing for leaders to understand is the comprehensive impact that they have on their people, the public, and the environment (Leathers, personal communication, November 1, 2021). Therefore, it is vital that leaders view all stakeholders as a priority. He said,

> The most important thing is stakeholder governance, like really having stakeholder capitalism, not shareholder primacy. I think it's a cool way of thinking about things because it's really saying that every company is going to have different positive impacts and different negative impacts on the environment. Some companies that are using politics to do good will still probably have some negative impacts on the environment,

workers, etc. The way to be a better company is to treat all stakeholders as an input into

your processes. And I think that's a very hard thing to do because most companies have

not developed in a way where they track their stakeholders. If companies can generally

think more about stakeholders opposed to just shareholders, I think that solves many of

the issues that would be captured in a more comprehensive response. (D. Leathers,

personal communication, November 1, 2021)

Through my conversation with David, I learned how B Lab is trying to encourage organizations

to pave a new way for business and move beyond the current limitations of the stock market or

shareholder focus. David Leathers said that B Lab's goal is to encourage businesses to access

their impact on all stakeholders, not just shareholders. This directly relates to the previously

explained literature that says socially conscious leaders care about both external and internal

stakeholders.

In general, these case studies provide a more practical view of how leadership is

demonstrated in real B Corporations. The themes throughout my interviews and the case studies

centered around the fact that the companies' founders or CEOs had a clear vision for the future

of the organization. The leaders appear to care deeply about their product, people, and the

environment. In addition, the leaders portray stereotypically socially conscious traits and make it

clear to their employees that they care about making a difference, not just through words, but

through their actions. These three organizations contribute money towards Covid-19 relief,

environmental grassroot organizations, giving back to their employees, and much more. The

employees raved about their experiences in their jobs, suggesting that the leadership cares deeply

about their success and gives employees the resources to thrive. Much of the scholarly literature

supports these notions and suggests that leaders have a lot to consider when acting in socially

responsible ways.

Conclusion

Throughout this thesis, various styles of leadership have been highlighted and discussed. With the current wave of ESG investing and holding all individuals accountable for the impact on the planet as well as underserved communities, it is extremely important to better understand how leaders can act in socially responsible ways. The literature suggests that trait theory, transformational leadership, shared leadership, and contingency leadership as well as other less prominent topics (e.g., trust, human resource management, and socially conscious leadership frameworks), should be considered when researching leadership in CSR and B Corporations. It is also important to understand how gender can contribute to a leader's identity and the likelihood that they engage in socially conscious business initiatives. In much of the literature, there is not a clear cut or correct way for a leader to be successful in an organization. Instead, leaders must develop a dynamic leadership style and apply their various skills and different tactics to each unique situation.

In B Corporations and CSR, the literature suggests several important conclusions for leaders. To begin, the founder's vision can have the biggest impact on a company's ability to achieve B Corporation status. It is often the founders who inspire the organization and have the drive to align the company with B Corporation standards. In addition, human resource management in B Corporations is extremely important. Keeping a happy and healthy workforce is not only a requirement for a B Corporation, but it is also necessary to achieve the profit and planet goals that these organizations strive for.

The literature provides an important foundation to understand how socially responsible leaders tend to behave, but the case studies on Patagonia, Allbirds, Tillamook, and B Lab

provide real world examples to support the concepts discussed throughout this paper. These organizations are leading the way and paving a new path for "business as usual."

Nonetheless, this paper does have various limitations. To begin, there is a lack of quantitative research to support the tactics of leadership styles that are employed for socially responsible leaders. In general, the literature regarding leadership and CSR and B Corporations is limited. Though qualitative analysis is important, more studies could be done to assess leadership on a more quantitative level. It is difficult to know whether successful B Corporations leaders would be successful leaders in other industry sectors that do not espouse the core values of a B Corporation. In addition, the link between the real-world studies and the scholarly leadership literature is not completely clear. It is important to discuss leadership through both a scholarly lens and a practical lens, however, future studies could work on blending these two more seamlessly. In addition, I only look at three well-known B Corporations as case studies. Therefore, in the future, researchers could look at a larger group of CSR departments and B Corporations to provide even more insight. Lastly, "socially responsible" can be considered a problematic term, as it is not always clear what this means. In regard to this thesis, it is meant to describe leaders who are prioritizing environmental and social goals in their businesses.

With the current social and environmental crises that continue to challenge our lives, it is more important than ever to understand how an individual can make a difference and create a positive impact through organizational leadership. Combining the profit-driven world with the nonprofit social impact world is exactly what CSR and B Corporations are trying to do. Not every company can be a B Corporation (and not every company would want to be a B Corporation), and not every company can have a CSR department, but it is vital that organizations take the time to reflect and understand the potential negative effects on the

environment, their employees, and society. B Corporation's fundamental idea of accessing how business impacts every single stakeholder is a great way for businesses to start prioritizing making a difference in sustainable and socially just ways. B Lab's suggestions for success provide some hope and practical ways to start holding businesses accountable. Though there are many problems in this world, leaders who can apply these theories and inspire others to join the movement can have a big impact on society. This research suggests that there is no correct way to be a socially conscious leader. Instead, this thesis acknowledges that leaders can employ different tactics and craft a unique leader identity and culture by relying on the concepts discussed above. Patagonia, Allbirds, and Tillamook are just a few examples of how corporations can change their nature and positively impact all their stakeholders. Now, it is up to the future leaders to employ these techniques and change the nature of corporate business.

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Table 1

Leadership Theories and Their Relationship to CSR and B Corporations

Theory	Summary	Relation to CSR and B Corps
Trait Theory	• Physical traits, behaviors or patterns that define a leader	• Can provide examples of traits that responsible leaders display • Focus on the process of emergent leadership in CSR and B Corporations
Transformational Leadership	• Leader works with followers to develop a vision and mission for change beyond the leader's self-interests	• Can help inspire and motivate followers to align with the vision and values of the organization • Helps develop transformational culture
Shared Leadership	• Broadly distributed power or leadership responsibility beyond just one person	• Horizontal power sharing is found in these organizations • Can provide a model for other companies to focus on sharing leadership responsibility

Note. This table summarizes how the definitions of the foundational leadership theories. In addition, it provides notes on how the theories relate to CSR and B Corporations more specifically.

Table 2

B Corporation Certification Scores

B Corporation	Governance Score	Workers Score	Community Score	Environment Score	Customer Score	Total Impact Score
Patagonia (2016)	16.9	20.8	63.8	43.5	6.3	151.4
Allbirds (2016)	15.4	22.9	19.6	28.6	2.6	89.4
Tillamook (2020)	15.6	26.6	22.5	19.3	2.4	86.6

Note. This table reports the scores that Patagonia, Allbirds, and Tillamook received on their B Impact Assessments. Patagonia's and Allbird's numbers are from 2016, and Tillamook's are from 2020. This assessment is scored by B Lab and determines whether a company becomes a B Corporation.

Appendix A

Company Specific Interview Questions

1. Please describe your position at the company.

    a. Is there anything else I should know about you?

2. What has your experience been like working at the company?

3. How do you believe that leaders within the company act in a socially responsible way?

4. How is the leadership at this company different from companies you have worked at in
    the past?

5. In your opinion, is there anything special about leadership at B-Corporations?

6. Is there anyone else that you recommend that I talk to?

Appendix B

B Lab Specific Interview Questions

1. Please describe your position at the company.

    a. Is there anything else that you would like me to know about you?

2. What has your experience been like working at the company?

3. How has a new wave of ESG investing and Covid-19 impacted B Lab's goals?

4. What does B Lab look for in regard to leadership?

5. What do you think the most important aspects of socially responsible leadership are?

6. How would you compare working in CSR to working for B Corporations?